



**ASSEMBLY AMENDMENT 50,  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 1997 ASSEMBLY BILL 768**

May 6, 1998 – Offered by Representative WASSERMAN.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 16, line 8: delete that line.

3 **2.** Page 16, line 9: delete “education costs;” and substitute “modifying the  
4 structure of the individual income tax system;”.

5 **3.** Page 203, line 10: after that line insert:

6 “SECTION 281t. 71.05 (6) (a) (intro.) of the statutes is amended to read:

7 71.05 (6) (a) *Additions.* (intro.) To federal adjusted gross income, for taxable  
8 years beginning before January 1, 1998, add:”.

9 **4.** Page 204, line 17: after that line insert:

10 “SECTION 282e. 71.05 (6) (a) 15. of the statutes, as affected by 1997 Wisconsin  
11 Act 27, is amended to read:

1           71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
2           (2di), (2dj), (2dL), (2dr), (2ds), and (2dx) ~~and (3s)~~ and not passed through by a  
3           partnership, limited liability company or tax-option corporation that has added that  
4           amount to the partnership's, company's or tax-option corporation's income under s.  
5           71.21 (4) or 71.34 (1) (g).

6           **SECTION 282t.** 71.05 (6) (b) (intro.) of the statutes is amended to read:

7           71.05 (6) (b) *Subtractions.* (intro.) From federal adjusted gross income, for  
8           taxable years beginning before January 1, 1998, subtract to the extent included in  
9           federal taxable or adjusted gross income unless the modification is an item, other  
10          than a capital gain deduction under s. 71.36 or interest on U.S. obligations, that is  
11          passed through to an individual from a tax-option corporation and would be included  
12          in that corporation's income if it were not a tax-option corporation:".

13          **5.** Page 204, line 18: delete the material beginning with that line and ending  
14          with page 209, line 13.

15          **6.** Page 209, line 13: after that line insert:

16          **"SECTION 284e.** 71.05 (22) (dm) of the statutes is amended to read:

17          71.05 (22) (dm) (title) *Deduction limits; 1994 and thereafter to 1997.* Except  
18          as provided in par. (f), for taxable years beginning on or after January 1, 1994, but  
19          before January 1, 1998, the Wisconsin standard deduction is whichever of the  
20          following amounts is appropriate. For a single individual who has a Wisconsin  
21          adjusted gross income of less than \$7,500, the standard deduction is \$5,200. For a  
22          single individual who has a Wisconsin adjusted gross income of at least \$7,500 but  
23          not more than \$50,830, the standard deduction is the amount obtained by  
24          subtracting from \$5,200 12% of Wisconsin adjusted gross income in excess of \$7,500

1 but not less than \$0. For a single individual who has a Wisconsin adjusted gross  
2 income of more than \$50,830, the standard deduction is \$0. For a head of household  
3 who has a Wisconsin adjusted gross income of less than \$7,500, the standard  
4 deduction is \$7,040. For a head of household who has a Wisconsin adjusted gross  
5 income of at least \$7,500 but not more than \$25,000, the standard deduction is the  
6 amount obtained by subtracting from \$7,040 22.515% of Wisconsin adjusted gross  
7 income in excess of \$7,500 but not less than \$0. For a head of household who has a  
8 Wisconsin adjusted gross income of more than \$25,000, the standard deduction shall  
9 be calculated as if the head of household were a single individual. For a married  
10 couple filing jointly that has an aggregate Wisconsin adjusted gross income of less  
11 than \$10,000, the standard deduction is \$8,900. For a married couple filing jointly  
12 that has an aggregate Wisconsin adjusted gross income of at least \$10,000 but not  
13 more than \$55,000, the standard deduction is the amount obtained by subtracting  
14 from \$8,900 19.778% of aggregate Wisconsin adjusted gross income in excess of  
15 \$10,000 but not less than \$0. For a married couple filing jointly that has an aggregate  
16 Wisconsin adjusted gross income of more than \$55,000, the standard deduction is \$0.  
17 For a married individual filing separately who has a Wisconsin adjusted gross  
18 income of less than \$4,750, the standard deduction is \$4,230. For a married  
19 individual filing separately who has a Wisconsin adjusted gross income of at least  
20 \$4,750 but not more than \$26,140, the standard deduction is the amount obtained  
21 by subtracting from \$4,230 19.778% of Wisconsin adjusted gross income in excess of  
22 \$4,750 but not less than \$0. For a married individual filing separately who has a  
23 Wisconsin adjusted gross income of more than \$26,140, the standard deduction is \$0.  
24 The secretary of revenue shall prepare a table under which deductions under this

1 paragraph shall be determined. That table shall be published in the department's  
2 instructional booklets.

3 **SECTION 284f.** 71.05 (22) (ds) of the statutes, as created by 1997 Wisconsin Act  
4 27, is repealed.

5 **SECTION 284g.** 71.05 (22) (i) of the statutes is created to read:

6 71.05 (22) (i) *Standard deduction may not be claimed.* No standard deduction  
7 may be claimed under this subsection for taxable years beginning after December 31,  
8 1997.

9 **SECTION 284m.** 71.07 (1) of the statutes is amended to read:

10 71.07 (1) CLAIM OF RIGHT CREDIT. Any For taxable years that begin before  
11 January 1, 1998, any natural person may credit against taxes otherwise due under  
12 this chapter the decrease in tax under this chapter for the prior taxable year that  
13 would be attributable to subtracting income taxed for that year under the claim of  
14 right doctrine but repaid, as calculated under section 1341 of the internal revenue  
15 code, if the income repaid is greater than \$3,000 and the amount is not subtracted  
16 in computing Wisconsin adjusted gross income or used in computing the credit under  
17 sub. (5) (a). If the allowable amount of the claim exceeds the claimant's taxes due  
18 under this chapter the amount of the claim not used to offset those taxes shall be  
19 certified to the department of administration for payment to the claimant by check,  
20 share draft or other draft drawn on the general fund.

21 **SECTION 284n.** 71.07 (3) of the statutes is amended to read:

22 71.07 (3) FARMLAND PRESERVATION CREDIT. The farmland preservation credit  
23 under subch. IX may be claimed against taxes otherwise due except that, subject to  
24 s. 71.61 (6), no new claim may be filed under this subsection for a taxable year that  
25 begins after December 31, 1997.

1           **SECTION 284no.** 71.07 (3m) (e) of the statutes is created to read:

2           71.07 (3m) (e) *Prohibition on filing new claims.* No new claim may be filed  
3 under this subsection for a taxable year that begins after December 31, 1997.

4           **SECTION 284nq.** 71.07 (3s) of the statutes, as created by 1997 Wisconsin Act  
5 27, is repealed.

6           **SECTION 284ns.** 71.07 (4) of the statutes is amended to read:

7           71.07 (4) HOMESTEAD CREDIT. The homestead credit under subch. VIII may be  
8 claimed by individuals against taxes otherwise due, except that no new claim may  
9 be filed under this subsection for a taxable year that begins after December 31, 1997.

10          **SECTION 284nv.** 71.07 (5) (intro.) of the statutes is amended to read:

11          71.07 (5) ITEMIZED DEDUCTIONS CREDIT. (intro.) Single For taxable years  
12 beginning before January 1, 1998, single persons, married persons filing separately  
13 and married persons filing jointly may claim as a credit against, but not to exceed  
14 the amount of, Wisconsin net income taxes due an amount calculated as follows:

15          **SECTION 284nx.** 71.07 (5m) of the statutes, as created by 1997 Wisconsin Act  
16 27, is repealed.

17          **SECTION 284p.** 71.07 (6) (am) of the statutes, as created by 1997 Wisconsin Act  
18 27, is repealed.

19          **SECTION 284pm.** 71.07 (7) (c) of the statutes is created to read:

20          71.07 (7) (c) No new claim may be filed under this subsection for a taxable year  
21 that begins after December 31, 1997.

22          **SECTION 284ps.** 71.07 (8) (d) of the statutes is created to read:

23          71.07 (8) (d) No new claim may be filed under this subsection for a taxable year  
24 that begins after December 31, 1997.

25          **SECTION 285m.** 71.07 (9) (g) of the statutes is created to read:

1           71.07 (9) (g) No new claim may be filed under this subsection for a taxable year  
2 that begins after December 31, 1997.

3           **SECTION 285n.** 71.07 (9e) (g) of the statutes is created to read:

4           71.07 (9e) (g) No new claim may be filed under this subsection for a taxable year  
5 that begins after December 31, 1997.

6           **SECTION 285p.** 71.07 (9m) (g) of the statutes is created to read:

7           71.07 (9m) (g) No new claim may be filed under this subsection for a taxable  
8 year that begins after December 31, 1997.

9           **SECTION 285pm.** 71.07 (9r) (L) of the statutes is created to read:

10           71.07 (9r) (L) No new claim may be filed under this subsection for a taxable  
11 year that begins after December 31, 1997.”.

12           **7.** Page 209, line 18: delete “(3s).”.

13           **8.** Page 210, line 1: delete lines 1 and 2 and substitute:

14           “**SECTION 286n.** 71.10 (4) (de) of the statutes, as created by 1997 Wisconsin Act  
15 27, is repealed.

16           **SECTION 286s.** 71.10 (4) (du) of the statutes, as created by 1997 Wisconsin Act  
17 27, is repealed.”.

18           **9.** Page 210, line 14: after that line insert:

19           “**SECTION 289s.** 71.21 (4) of the statutes, as affected by 1997 Wisconsin Act 27,  
20 is amended to read:

21           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
22 (2dj), (2dL), (2ds), and (2dx) ~~and (3s)~~ and passed through to partners shall be added  
23 to the partnership’s income.”.

24           **10.** Page 220, line 9: after that line insert:

1           **“SECTION 297t.** 71.55 (11) of the statutes is created to read:

2           71.55 (11) PROHIBITION ON FILING NEW CLAIMS. No new claim may be filed under  
3 this subchapter for a taxable year that begins after December 31, 1997.

4           **SECTION 297v.** 71.61 (6) of the statutes is created to read:

5           71.61 (6) PROHIBITION ON FILING NEW CLAIMS. No new claim may be filed under  
6 this subchapter for a taxable year that begins after December 31, 1997, except that  
7 an otherwise eligible claimant who is a party to a farmland preservation agreement  
8 that is described under s. 71.59 (1) (c) or who is a party to a certificate of a zoning  
9 authority that is described under s. 71.59 (1) (d), either of which is in effect on the  
10 effective date of this subsection .... [revisor inserts date], may continue to claim the  
11 credit under this subchapter until the expiration of the agreement or certificate.

12           **SECTION 297vw.** 71.64 (9) (b) of the statutes, as affected by 1997 Wisconsin Act  
13 41, is amended to read:

14           71.64 (9) (b) The department shall from time to time adjust the withholding  
15 tables to reflect any changes in income tax rates, any applicable surtax or any  
16 changes in dollar amounts in s. 71.06 (1), (1m) and (2) resulting from statutory  
17 changes, except that the department may not adjust the withholding tables to reflect  
18 the changes in rates in s. 71.06 (1m) and (2) (c) and (d) and any changes in dollar  
19 amounts with respect to bracket indexing under s. 71.06 (2e) ~~and with respect to~~  
20 ~~standard deduction indexing under s. 71.05 (22) (ds)~~ for any taxable year that begins  
21 before January 1, 2000. ~~The tables shall account for the working families tax credit~~  
22 ~~under s. 71.07 (5m).~~ The tables shall be extended to cover from zero to 10 withholding  
23 exemptions, shall assume that the payment of wages in each pay period will, when  
24 multiplied by the number of pay periods in a year, reasonably reflect the annual wage  
25 of the employe from] the employer and shall be based on the further assumption that

1 the annual wage will be reduced for allowable deductions from gross income. The  
2 department may determine the length of the tables and a reasonable span for each  
3 bracket. In preparing the tables the department shall adjust all withholding  
4 amounts not an exact multiple of 10 cents to the next highest figure that is a multiple  
5 of 10 cents. The department shall also provide instructions with the tables for  
6 withholding with respect to quarterly, semiannual and annual pay periods.”.

7 **11.** Page 242, line 11: after that line insert:

8 “**SECTION 315n.** 77.92 (4) of the statutes, as affected by 1997 Wisconsin Act 27,  
9 is amended to read:

10 77.92 (4) “Net business income”, with respect to a partnership, means taxable  
11 income as calculated under section 703 of the internal revenue code; plus the items  
12 of income and gain under section 702 of the internal revenue code; minus the items  
13 of loss and deduction under section 702 of the internal revenue code; plus payments  
14 treated as not made to partners under section 707 (a) of the internal revenue code;  
15 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), and  
16 (2dx) ~~and (3s)~~; but excluding income, gain, loss and deductions from farming. “Net  
17 business income”, with respect to a natural person, estate or trust, means profit from  
18 a trade or business for federal income tax purposes and includes net income derived  
19 as an employe as defined in section 3121 (d) (3) of the internal revenue code.”.

20 **12.** Page 531, line 23: after that line insert:

21 “(2xz) MODIFICATION OF THE INDIVIDUAL INCOME TAX SYSTEM, DEPARTMENT OF  
22 REVENUE RESPONSIBILITIES.

23 (a) The department of revenue shall determine the net economic effect of the  
24 treatment in this act of sections 71.05 (6) (a) (intro.) and (b) (intro.) and (22) (dm), (ds)

1 and (i), 71.07 (1), (3), (3m) (e), (3s), (4), (5) (intro.), (5m), (6) (am), (7) (c), (8) (d), (9)  
2 (g), (9e) (g), (9m) (g) and (9r) (L), 71.10 (4) (de) and (du), 71.55 (11), 71.61 (6) and 71.64  
3 (9) (b) of the statutes on the state's revenues.

4 (b) If the department determines that the state will have more revenue because  
5 of the treatment of the sections listed in paragraph (a) than it would if these  
6 treatments had not occurred, the department shall calculate the extra amount of  
7 revenue that the state will have because of the treatment of the statutes listed in  
8 paragraph (a). The department shall then adjust downward the rates of taxation  
9 listed in section 71.06 (1m) and (2) (c) and (d) of the statutes, on a proportional basis,  
10 for taxable years beginning on January 1, 1998, in such a way that the extra amount  
11 of revenue that the state will have because of the treatment of the statutes listed in  
12 paragraph (a) is fully expended.”.

13 **13.** Page 555, line 17: delete lines 17 to 22.

14 **14.** Page 570, line 25: after that line insert:

15 “(1xz) MODIFICATION OF THE INDIVIDUAL INCOME TAX SYSTEM. The treatment of  
16 sections 71.05 (6) (a) 15. and (22) (ds), 71.07 (3s), (5m) and (6) (am), 71.10 (4) (de) and  
17 (du), 71.64 (9) (b) and 77.92 (4) of the statutes first applies to taxable years beginning  
18 on January 1, 1998.”.

19 **15.** Page 571, line 6: delete lines 6 to 11.

20 (END)